

Message Text

CONFIDENTIAL

PAGE 01 BONN 07343 281624Z

ACTION EB-08

INFO OCT-01 EUR-12 EA-07 IO-13 ISO-00 STR-04 L-03

JUSE-00 TRSE-00 H-01 SP-02 AID-05 NSC-05 SS-15

OMB-01 CEA-01 PRS-01 SSO-00 NSCE-00 INRE-00 AGR-05

CIAE-00 COME-00 FRB-03 INR-07 NEA-10 NSAE-00

OPIC-03 LAB-04 SIL-01 /112 W

-----281826Z 030771 /53

O R 281613Z APR 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC IMMEDIATE 7784

INFO USMISSION EC BRUSSELS

AMEMBASSY BRUSSELS

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY THE HAGUE

USMISSION GENEVA

USDEL MTN GENEVA

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMEMBASSY MADRID

AMEMBASSY OTTAWA

AMEMBASSY DUBLIN

AMEMBASSY COPENHAGEN

C O N F I D E N T I A L BONN 07343

PASS STR

PASS EB FOR SPIRO

E.O. 11652: GDS

TAGS: ETRD, EC, GW

SUBJECT: FRG REACTION TO ZENITH DECISION

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BONN 07343 281624Z

REF: STATE 93870

1. AT REQUEST OF DR. MESENBERG, WHO HEADS ECONMIN DESK
RESPONSIBLE FOR U.S. RELATIONS AND WHO HAS BEEN
FOLLOWING U.S. STEEL CASE CLOSELY, EMBOFF MET WITH HIM
FOR REVIEW OF ZENITH CASE ON APRIL 28. MESENBERG
INDICATED THAT FRG OFFICIALS APPRECIATE THAT THE USG IS

FULLY AWARE OF IMPORTANCE OF THE TWO CASES AND THAT IT IS DOING ALL IT CAN TO DEFEND THE TREASURY POSITION THAT REMISSION OF TAXES IN BOTH CASES IS NOT COUNTERVAILABLE.

2. MESENBERG NEVERTHELESS WARNED THAT THE ZENITH DECISION HAS AROUSED CONSIDERABLE CONCERN IN GERMANY. ON APRIL 27 THE HEAD OF THE GERMAN INDUSTRY ASSOCIATION (SCHLEYER) WROTE TO CHANCELLOR SCHMIDT TO EXPLAIN THE SERIOUS IMPLICATIONS OF THE ZENITH DECISION FOR GERMAN EXPORTS TO THE U.S. AND TO REQUEST THE CHANCELLOR TO TAKE AN ACTIVE STAND IN DEFENDING GERMAN INTERESTS. SCHLEYER IN PARTICULAR ASKED THE CHANCELLOR TO TAKE THIS ISSUE UP AT THE LONDON SUMMIT, EXPRESSING CONCERN ABOUT THE IMPACT ON INTERNATIONAL TRADE IF THE WORLD'S LARGEST TRADING COUNTRY WERE TO IMPOSE COUNTERVAILING DUTIES ON MOST IMPORTS FROM THE EC AND JAPAN. (EMBOFF WAS SHOWN SCHLEYER'S LETTER, BUT COULD NOT OBTAIN A COPY.)

3. MESENBERG SAID THAT HE WILL NOT RPT NOT RECOMMEND THAT SCHMIDT RAISE THIS ISSUE BY HIMSELF, BUT ONLY IN CONCERT WITH A COMBINED EFFORT BY ALL INVOLVED COUNTRIES. THE ECONMIN IS THEREFORE SOUNDING OUT THE JAPANESE AND THE FRG'S EC PARTNERS TO SEE WHETHER THEY WOULD WISH TO JOIN THE FRG IN BRINGING THIS ISSUE BEFORE THE SUMMIT.

4. MESENBERG ASKED FOR AN INDICATION OF THE STRATEGY THE USG WILL PURSUE IN THE U.S. STEEL CASE, IN THE LIGHT
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BONN 07343 281624Z

OF THE ZENITH DECISION. MESENBERG SHOWED EMBOFF A COPY OF A CABLE RECEIVED BY UNICE FROM ITS WASHINGTON COUNSEL (HOULIHAN), WHICH STATED THAT THE USG WILL NOT BE ALLOWED TO MAKE A FACTUAL DEFENSE, BECAUSE THE LACK OF AN INVESTIGATION RESULTS IN THE ABSENCE OF ANY FACTUAL DISTINCTIONS WHICH CAN BE ARGUED. IN HOULIHAN'S VIEW, THE GOVERNMENT DEFENSE WILL PROBABLY COVER THREE ALTERNATIVE MOTIONS: (A) DISMISS FOR LACK OF JURISDICTION, (B) SUMMARY JUDGMENT IN FAVOR OF GOVERNMENT, AND (C) SUSPENSION. MESENBERG ASKED IF WE COULD CONFIRM THAT THE USG WILL INDEED FOLLOW THIS DEFENSE. HE SAID THAT IT WILL BE MOST HELPFUL TO HAVE THIS INFORMATION PRIOR TO MAY 9, WHEN EC EXPERTS PLAN TO MEET IN BRUSSELS FOR A REVIEW OF THE U.S. STEEL CASE AND ITS IMPLICATIONS.
STOESSEL

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, COUNTERVAILING DUTIES, TRIALS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BONN07343
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770148-1264
Format: TEL
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770411/aaaaaivl.tel
Line Count: 112
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 8d303e9c-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 STATE 93870
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2671445
Secure: OPEN
Status: NATIVE
Subject: FRG REACTION TO ZENITH DECISION CONFIDENTIAL CONFIDENTIAL
TAGS: ETRD, EC, GE
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/8d303e9c-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009